

**STATE OF RHODE ISLAND
PUBLIC UTILITIES COMMISSION**

PASCOAG UTILITY DISTRICT'S 2021 :
DEMAND SIDE MANAGEMENT PROGRAM : **DOCKET NO. 5084**

REPORT AND ORDER

I. Introduction

On November 3, 2020 and pursuant to R.I. Gen. Laws § 39-2-1.2, Pascoag Utility District (Pascoag or District) filed its Demand Side Management (DSM) Program for 2021 with the Public Utilities Commission (Commission or PUC). Pascoag proposed an overall budget of \$239,962 to fund its residential and commercial energy efficiency programs for calendar year 2021.¹ In its filing, Pascoag noted that it made several changes to the DSM program to address the effect that the COVID pandemic has had on the delivery of some of its programs. On November 17, 2020, the Rhode Island Office of Energy Resources (OER) filed motion to Intervene in the proceedings and submitted prefiled testimony supporting Pascoag's proposals on December 7, 2020.² Pascoag filed a new schedule to reflect an updated sales forecast for 2021 on December 4, 2020 which reduced the proposed budget to \$238,370.³ On December 6, 2020, the Division of Public Utilities and Carriers (Division) filed a memorandum recommending approval of Pascoag's 2021 DSM Program.⁴ The PUC conducted an evidentiary hearing on December 23, 2020. Immediately following the hearing, the Commission held an Open Meeting and unanimously approved the filing.

¹ Pascoag Utility District's 2021 Demand Side Management Program (Nov. 3, 2020) (Filing). The \$239,962 budget is based on forecasted sales in 2021 of 54,809,000 kWh. All filings in this docket are available at the PUC offices located at 89 Jefferson Boulevard, Warwick, Rhode Island or at <http://www.ripuc.ri.gov/eventsactions/docket/5084page.html>.

² Cleveland Test. (Dec. 7, 2020)

³ Pascoag's updated forecast was based on a one-year average for January through November 2020 and December 2019. The change in forecast produced a reduction in forecasted sales from 54,809,000 kWh to 54,092,000 kWh.

⁴ Division Mem. (Dec. 9, 2020).

II. Pascoag's DSM Program for 2021

Pascoag initially proposed a DSM budget of \$239,962 for calendar year 2021. In a revised filing to reflect an adjusted sales forecast, Pascoag proposed a budget of \$238,370 comprised of \$108,026 from forecasted sales, \$20,931 of 2020 carryover, \$38,030 of 2020 RGGI funding carryover, and \$71,383 of 2021 RGGI funding. The budget is divided into residential programs, industrial/commercial programs, administrative costs, and community outreach, marketing, and education costs.⁵

For its Residential Sector, Pascoag proposed a total budget of \$142,663 to continue five of its existing programs and to create a new pilot program. It proposed increasing the Home Energy Audits with Follow-Up Incentives program with RGGI funds. It noted that it will be the District's last year to receive RGGI funding for this project from OER. It expressed that the program was successful in 2020 and doesn't feel it had sufficient time to market the increased weatherization incentives that the Commission approved in September in Docket No. 4991 to spur activity in the 2020 program. Pascoag hopes the increased incentives will spark more interest in the 2021 program. The \$94,413 budget for the program is allocated as follows: 1) \$31,500 for 120 energy audits; 2) \$10,000 for direct installs of LED lightbulbs, smart strip, aerators and shower heads; and 3) \$52,913 to rebate insulation, air sealing, and programmable thermostats.⁶

Pascoag proposed maintaining its ENERGY STAR Offerings program with no changes except to add an additional \$685 to fund the program. It proposed maintaining the current incentives and rebate levels as they have performed well over the course of the year.⁷ Pascoag also wants to maintain its HVAC and Water Heater program with a total budget of \$7,000. It noted

⁵ Updated Schedule (Dec. 4, 2020).

⁶ Filing at 10-12.

⁷ *Id.* at 12.

an increase in customer interest and proposed continuing to base the rebate level on a per ton basis, instead of a flat rate, with total rebates not to exceed \$700 per customer. Pascoag will offer rebates of either \$150 or \$300 for heat pump water heaters and rebates ranging from \$50 to \$350 for central air conditioning and heat pumps, depending up the size of the unit.⁸

Pascoag proposed modifying the Change A Light program from providing rebates for individual lights to distributing premade lighting kits. It proposed this change, because National Grid is rebating individual lights at local stores. In order to avoid customers receiving a double rebate with no additional efficiency savings, Pascoag proposed delivering lighting kits directed primarily to low-income and elderly housing. It suggested that this will be a good way to replace community events which have been cancelled due to COVID and to provide the energy efficiency education through information included in each kit.⁹

As a new pilot program, Pascoag proposed the Landlord/Renter Weatherization Program which will focus on rental properties. The Program will conduct energy audits for 1-4 unit dwellings and provide direct install measures. It will also provide a rebate of 100% up to \$5,000 for qualified air sealing and insulation measures. The District proposed a budget of \$30,000 that will provide for four properties in 2021.¹⁰ Pascoag reported a year-end balance of \$20,931 in its Demand Side Management program. Of this amount, Pascoag is requesting approval to earmark \$1,500 to satisfy the remaining 2020 rebates and to apply the remaining \$19,431 towards the 2021 budget.¹¹

Pascoag proposed a budget of \$44,199 for its five Industrial/Commercial programs. The District proposed maintaining the same Small Business ENERGY STAR Offerings program that

⁸ *Id.* at 13.

⁹ *Id.* at 14.

¹⁰ *Id.* at 14-15.

¹¹ *Id.* at 15.

was approved in 2020 in Docket No. 4991 which provides for a rebate of 10% for a variety of commercial appliances, with a cap of \$350.¹² Pascoag noted that the lighting project at the Burrillville High School was unable to be completed in 2020 because of budgetary restrictions and that the High School has no plans to complete the project in 2021. Because of this, it proposed not funding this line item. Pascoag stated that it will continue to work with the school to find a path forward for the project.¹³

Pascoag has a lighting project with the Pascoag Public Library and a project to install mini-splits in the entryways at Ashton Court that it would like to implement in 2021. Rebates for both of these projects will total \$5,437.¹⁴ It is also currently working with Crystal Lake Rehabilitation and Care Center on a potential lighting project for 2021 and proposed funding this line item at \$27,562.¹⁵ Lastly, in 2016, Pascoag purchased and installed 610 LED Street Lights through its Demand Side Management Program for which it still has a balance of \$63,096. It proposed maintaining the current line item of \$10,000 approved last year to continue to pay down this debt. If approved, it would decrease the account receivable from \$63,096 to \$53,096.¹⁶

Pascoag did not propose any changes to its Administrative Programs which it requested be funded at \$31,500. The funds would be allocated to: 1) administrative expenses, 2) the energy efficiency consultant and program development. Pascoag proposed \$21,000 for administrative expenses which would be used to pay the District for its staff time, supplies and mileage reimbursement for all DSM-related activities. Pascoag's three Customer Service Representatives

¹² *Id.* at 16.-17. Included in this program are ENERGY STAR rated Commercial dishwashers, commercial fryers, commercial ice machines, commercial hot food holding cabinets, commercial griddles, commercial refrigerators and commercial steam cookers.

¹³ Filing at 17.

¹⁴ *Id.* at 18.

¹⁵ *Id.* at 19.

¹⁶ *Id.* at 19.

devote many hours to the DSM program assisting customers. The DSM Coordinator also spends considerable time researching compliance for submitted rebate requests; reconciling DSM programs; updating programs; and creating new programs. The Assistant General Manager also participates by working with industrial and commercial customers on their projects and performing site visits.¹⁷

In 2019, Pascoag hired Optimal Energy as its energy consultant to help guide data collection, cost-benefit analysis, and program development. Pascoag reported it is very satisfied with the development of its programs and credits Optimal Energy's input as being an integral part of the DSM Program's success. The District would like to continue working with Optimal Energy in 2021 and requested \$10,000 of funding.¹⁸ Finally, Pascoag requested \$500 to be used to develop future energy efficiency programs.¹⁹

Pascoag requested a total of \$20,008 to fund its Community Outreach, Marketing & Education Sector. It proposed discontinuing its Follow-Up to Successful Programs previously funded at \$1,000. Instead it requested approval to transfer funds between programs and sectors which it stated would provide greater flexibility to adapt to societal shifts and changing customer demands. For transfers within a sector, it proposed that it be allowed to transfer funds from one program to another. If the amount of the transfer is greater than 20% of the originating program's budget, the transfer would require Division approval and notification to OER, and if the transfer was of RGGI funds, prior written approval of OER would also be required. For transfers between sectors, Pascoag proposed the transfer require Division approval and notification to OER and that if the reduction is greater than 20% of the sector's budget, the transfer would also require

¹⁷ *Id.* at 19.

¹⁸ *Id.* at 20.

¹⁹ *Id.*

Commission approval. Transfers of RGGI funds would also require prior written approval from OER. Pascoag advised it would update mid-year and end-year reports to reflect transfers within sectors.²⁰

Pascoag noted that it struggled with its Community Outreach programs this year because of the pandemic. Before the state shutdown, it was able to attend a Burrillville Aging Stronger event and host a 4th grade class field trip. To continue with its commitment to community outreach, it redesigned its website making it more user friendly and adding more helpful links. It is currently working with Tri-Town Community Action Center to determine ways to further expand its outreach. It also created a 30-minute energy conservation virtual classroom program for grades K-5. Pascoag proposed \$7,500 for this line item.²¹

For several years, the District has partnered with the Jesse Smith Library and Burrillville Recycling for an Earth Day poster contest for students in grades K-8 to promote recycling and energy efficiency. The top twelve posters are then transformed into a calendar which is made available for free to Pascoag's customers. The funding is used for prizes, materials, labor, and refreshments for an awards ceremony. Pascoag requested that a budget of \$3,600 be approved to continue to fund this program that it identified as a customer favorite.²²

Pascoag submitted that because Burrillville is such a small, tight-knit community, the District's presence at community events is imperative to its ability to promote its DSM programs. Participation permits face-to-face interaction and promotes trust within the community. Additionally, it allows staff more time to meet one-on-one with customers to describe and explain the various DSM programs. However, since the pandemic has shutdown community gatherings

²⁰ *Id.* at 20-21.

²¹ *Id.* at 21-22.

²² *Id.* at 23.

the District was unable to participate in the Green Festival and the Burrillville Family Fair. In March 2020 the entire 4th grade from Steere Farm Elementary School visited the District's offices on a field trip. There, the children had a tour, learned about public power, energy efficiency and the operation of an electric utility. They were treated to lunch, played energy efficiency games and worked on their energy efficiency posters for the annual contest. The event was well received by the school and staff alike and the District would like to continue the same in 2021. Pascoag noted that it is working with organizations to find ways to provide offerings virtually and in person to stay connected with the community. It requested that it be allowed to fund this program at \$7,408.²³ Lastly, it requested approval to fund its Energy Efficiency Management Continuing Education Fund at \$1,500 which is \$1,000 less than last year. Funding in this category would permit the DSM Coordinator and staff to attend workshops and other educational opportunities that arise during the year. Pascoag reduced the amount requested to fund this item because many trainings will be held virtually.²⁴

III. Office of Energy Resources

On December 7, 2020, OER filed the Direct Testimony of Nathan Cleveland, a Programming Services Officer at OER. Mr. Cleveland's testimony noted that OER supports Pascoag's 2021 DSM Plan as filed.²⁵ Attached to the testimony was a December 2, 2020 letter signed by Commissioner Nicholas S. Ucci detailing the reasons for OER's support. Commissioner Ucci stated that the Plan is expected to result in substantial cost-effective energy and demand savings while contributing to Pascoag's ability to deliver clean and affordable energy to its customers. The Plan, he noted, aligns with the State's energy goals. Mr. Ucci expressed that OER

²³ *Id.* at 23-24. The funding level was modified from \$9,000 originally proposed in the updated schedule that reflected the new forecast. *See* Updated Schedule (Dec. 4, 2020).

²⁴ *Id.* at 24.

²⁵ Cleveland Test. at 1 (Dec. 7, 2020).

and Pascoag have been collaborating to develop strategies to enhance its DSM programs. OER has previously provided Regional Greenhouse Gas Initiative (RGGI) funds to Pascoag to support its weatherization program and will again do so in 2021.²⁶

Mr. Ucci stated that the Plan demonstrates Pascoag's commitment to delivering high quality effective energy efficiency and continued program improvements. He noted that the enhanced incentives approved by the Commission in September in Docket No. 4991 resulted in improved interest and engagement. Mr. Ucci expressed that OER strongly supports Pascoag's proposal to rollover excess funds from 2020. He noted that the proposal regarding transfer of funds between programs and sectors will allow for greater flexibility for Pascoag to adapt its programs when needed. He expressed that this is allowed in other utility administered DSM programs and is prudent especially during COVID.²⁷

IV. Division of Public Utilities and Carriers

On December 9, 2020, the Division filed a memorandum recommending that the Commission approve Pascoag's Plan. The Division reiterated the information provided in Pascoag's filing. The Division noted that in Docket No. 4991, the Commission ordered Pascoag to provide robust evidence to support its continued involvement in community events and to explore alternative sources of funding like vendor participation fees. Pascoag provided that it was unable to gather data because many of its events were cancelled due to the COVID pandemic, and that it was only able to secure vendor participation in community events if it did not charge a vendor fee. The Division recommended approval of Pascoag's 2021 DSM Programs conditioned on Pascoag being required to obtain written Division approval to transfer funds between within

²⁶ Cleveland Test., Att. at 1.

²⁷ *Id.* at 1-2.

sectors if greater than 20% of the originating program's budget or transfers that reduce a sector's budget of more than 20% in the aggregate over the course of the program.²⁸

Hearing and Decision

At the December 23, 2020 hearing, Desarae Dolan, DSM Coordinator, testified in support of the District's proposed 2021 DSM Program. She explained how Pascoag was unable to gather data to support its community programs because most of those programs were cancelled due to COVID restrictions. She agreed to explore the Commission's suggestion that advertising be included in its annual calendars. Miss Dolan also stated that she would research grant opportunities to support Pascoag's programs.

At the Open Meeting immediately following the hearing on December 23, 2020, the Commission unanimously approved Pascoag's 2021 DSM Plan, associated budget, and reallocation guidelines. The Commission was satisfied that the District continues to carefully monitor its programs and the use of its DSM funds. Pascoag's continued efforts and diligence in designing and implementing its DSM programs and its commitment to energy conservation are familiar to the Commission. The use of an Energy Consultant and access to OER's resources has provided much needed assistance to the District's small staff and has served to leverage resources effectively. It is evident to the Commission that the District remains dedicated to providing services in an efficient manner by continuing to review existing programs and annually making modifications to those programs that reflect its customers' needs. The Commission will allow Pascoag the flexibility to transfer funds between programs within a particular sector if the amount is less than 20% of the originating program's budget. If the amount of the transfer is greater than 20% of the originating program's budget, Pascoag must obtain written approval from the Division

²⁸ Contente Mem. at 1-5 (Dec. 9, 2020).

and provide simultaneous notification to OER. Transfer of any amount of RGGI funds shall require prior written approval of OER. The Commission will also allow the transfer of funds between sectors with the prior written approval of the Division and simultaneous notification to OER. Transfers that reduce a sector's budget by more than 20% in aggregate over the course the program year shall also require Commission approval. Transfer of any amount of RGGI funds shall require prior written approval from OER.

Accordingly, it is hereby

(23964) ORDERED:

1. Pascoag Utility District's 2021 Demand Side Management Programs and associated budget are approved as filed with the following modifications.
2. A factor of \$0.0023 per kilowatt-hour is hereby approved in accordance with R.I. Gen. Laws §39-2-1.2, with \$0.002 per kilowatt-hour to be applied to the Demand Side Management Programs approved herein and \$0.0003 per kilowatt-hour to be administered by the Rhode Island Office of Energy Resources for renewable energy programs. This rate shall apply to energy consumed on or after January 1, 2021.
3. Pascoag shall be allowed to transfer funds between programs within a particular sector if the amount is less than 20% of the originating program's budget. If the amount of the transfer is greater than 20% of the originating program's budget, Pascoag must obtain written approval from the Division and provide simultaneous notification to OER. Transfer of any amount of RGGI funds shall require prior written approval of OER.
4. Pascoag shall be allowed to transfer funds between sectors with the prior written approval of the Division with simultaneous notification to OER. Transfers that reduce a sector's

budget by more than 20% in aggregate over the course the program year shall also require Commission approval. Transfer of any amount of RGGI funds shall require prior written approval from OER.

5. Pascoag shall update all applicable reports for any transfer of funds within sectors.
6. Pascoag shall make its 2022 DSM Filing no later than November 1, 2021.

EFFECTIVE AT WARWICK, RHODE ISLAND ON JANUARY 1, 2021 PURSUANT TO A BENCH ORDER ON DECEMBER 23, 2020. WRITTEN ORDER ISSUED JANUARY 5, 2021.

PUBLIC UTILITIES COMMISSION



Ronald T. Gerwatowski, Chairperson



Marion S. Gold, Commissioner



Abigail Anthony, Commissioner

NOTICE OF RIGHT OF APPEAL: Pursuant to R.I. Gen. Laws §39-5-1, any person aggrieved by a decision or order of the PUC may, within seven days from the date of the order, petition the Supreme Court for a Writ of Certiorari to review the legality and reasonableness of the decision or order.